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SUBJECT: PRESIDENT ISAIAS - BREAD AND PASTA ARE LUXURIES

REF: A) ASMARA 221 B) ASMARA 225 C) ASMARA 236

¶1. (SBU) Summary: President Isaias Afwerki appeared to be preparing the Eritrean people for future reduced supplies of basic foodstuffs in recent interviews and speeches, including his May 24 Liberation Day address. High import costs and heavy subsidies have combined to lead Eritrea's command economy decision makers to substitute locally grown, but insufficiently produced corn, sorghum, and barley for imported wheat, rice, and teff, in an apparent attempt to achieve food security. End Summary.

LIBERATION PERHAPS, BUT NO CHOICE OF FOOD

¶2. (SBU) In his Liberation Day Speech on May 24, Eritrean President Isaias Afwerki informed the Eritrean people that the 2007 "bumper" harvest was mismanaged and misallocated, adding some areas of the country face food shortages. He said further import regulations, price controls, and "necessary practical measures" will be taken to deal with Eritrea's food problems. He claimed the global rise of basic commodity prices is to blame, leading President Isaias to attempt to "rectify the excessive consumption of wheat," noting that "seeking to consume white bread and pasta can only be considered as naivety."

¶3. (SBU) Isaias repeated these themes in a recent Reuter's interview, where he stated Eritrea will continue price controls on agricultural commodities and distribution through state-run outlets. The president said Eritrea's local climatic conditions are best suited for corn, sorghum, barley, and lentils, noting "if you depend on wheat, you're finished." He went on to blame the global increase in commodity prices for food shortages and commended his government's overall efforts to work through the problem.

SELF-DEFEATING POLICIES

¶4. (SBU) Eritrean World Bank Country Manager Chris Lovelace (protect) characterized the Government of the State of Eritrea's (GSE) mechanism for dealing with the food crisis as "self-defeating." The GSE is setting agricultural prices offered to farmers below the cost of production, but mandating that 100% of the harvest be sent to the grain board. This attempt to alleviate the current crisis creates new problems, such as black markets, hoarding, and reduced production.

WHO NEEDS FOOD AID? THE GSE SAYS "NOT ERITREA"

¶5. (SBU) The GSE halted the distribution of food aid in 2005/2006, seizing without permission or compensation 90,000 metric tons (MT) of humanitarian food aid to implement a "cash for work" program. The GSE's justification was to promote self-reliance and discourage the Eritrean people's dependence on freely distributed relief aid. The GSE failed to engage donors to implement the program, and subsequently USAID, World Food Program (WFP), and the European

Commission (EC) no longer engage in food aid projects in Eritrea. UN agencies and other aid organizations claim two-thirds of Eritrea's people were short of food, but GSE officials have stated the fears were unfounded and unsubstantiated.

¶6. (SBU) Comment: The Ministry of Agriculture claims Eritrea produced 80% of its food needs domestically during the previous four years of above average rains. Nongovernmental organizations in Eritrea believe this figure is closer to 60%, and could plummet to as low as 10% during the next inevitable drought. Even if upcoming rains are plentiful, the GSE will scramble for hard currency to make up for this shortfall with imported food. President Isaias' recent comments indicate the GSE either does not possess or will not allocate the additional funds necessary to import food at present levels, presaging hungrier times ahead for Eritrea's already suffering population. End Comment.

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